Public Service Superannuation Board

Annual Report
for year ending March 31, 1985

SIXTY-FIFTH ANNUAL REPORT

OF THE

PUBLIC SERVICE SUPERANNUATION BOARD

FOR THE YEAR ENDED

MARCH 31, 1985

Ontario

Office of the Minister

Ministry of Government Services

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Queen's Park
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To his Honour, The Lieutenant Governor of the Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully presents herewith the Report of the Public Service Superannuation Board for the year ended March 31, 1985.

Respectfully submitted,

Elinor Caplan

Elinor Caplan
Minister.

Ontario

Public
Service
Superannuation
Board

Area code 416
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The Honourable Elinor Caplan
Minister of Government Services.

MADAM:

I have the honour to submit the Report of the Public Service Superannuation Board for the year ended March 31, 1985.

Respectfully submitted,

Stephanie J. Wychowanec,
Chairman.

PUBLIC SERVICE SUPERANNUATION BOARD

The Board was first established in 1920 under an Act of the Legislature of Ontario. It now operates under the Public Service Superannuation Act (R.S.O. 1980, chapter 419), as amended.

The Members of the Board are appointed by the Lieutenant Governor in Council. At the end of the year under review, the Board had the following Members:

S. J. Wychowanec, Q.C. (Chairman)
Deputy Provincial Secretary
for Justice

E. Aboud
Director, Benefits Policy
Branch
Civil Service Commission

J. A. Jackson
Executive Director
Ministry of Government Services

S. McVittie
Representative
O.P.S. Employees Union

During the year, J. A. Jackson replaced Mr. R. G. Buck (June 29, 1984) who had served as a Member of the Board since 1982.

B. V. Cooke, Manager, Policy and Executive Benefits, Ministry of Government Services, was the Secretary.

In accordance with the Act, the Board advised the Minister responsible for the administration of the Act (the Minister of Government Services) and approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Benefits and Data Services Branch of the Ministry of Government Services.

Twenty four meetings of the Board were held during the year ended March 31, 1985.

On January 1, 1985, major amendments were made to the Public Service Superannuation Act. Briefly these amendments

a) enabled contributors to obtain credit for previous non-continuous, non-contributory service;

b) enabled qualifying part-time and seasonal employees to become contributors to the Public Service Superannuation Fund;

c) improved pensions for employees on the Long Term Income Protection Plan; and

d) provided contributors with the option to increase the amount of the survivor allowance.

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CONTRIBUTORS

During the period covered by this Report, 4,499 new contributors to the Public Service Superannuation Fund were added and 4,349 contributors left the Fund for a net increase of 150 over the preceding year. At the end of the year under review there were 75,846 contributors.

ALLOWANCES

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of March 31, 1985, 22,545 allowances were being paid compared with 21,582 at the end of the previous year. The total number of recipients consisted of:

1,193 disability pensioners;

15,169 service pensioners;

6,183 surviving spouses and children of deceased contributors or pensioners.

This represented an increase of 963 allowances over the preceding year.

ANNUITIES

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario public service, to an individual who is no longer an active member of the Plan. The amount may be reduced to reflect service which is less than the requirement for an allowance.

At the end of the year under review there were:

3,355 former contributors receiving annuities;

377 surviving spouses and children in receipt of annuities;

684 former contributors who will receive deferred annuities from a later date.

This represented an increase of 201 annuities over the preceding year.

PAYMENTS, REFUNDS AND TRANSFERS TO OTHER PENSION FUNDS

During the period April 1, 1984 to March 31, 1985:

2,352 former employees received refunds of contributions, with interest;

74 former employees who were not eligible for an allowance received payments of twice their contributions, with interest;

45 spouses and children received lump sum death benefits equal to twice the deceased contributor's contributions, with interest;

330 former employees transferred their contributions and credits to other pension funds.

OPTIONS FOR MILITARY SERVICE AND PAST PENSIONABLE SERVICE WITH ANOTHER EMPLOYER

During the year 917 contributors made contributions for military service in World War II or the Korean War. Also, 618 contributors made contributions for pensionable service with employers recognized for transfer purposes under the Public Service Superannuation Act.

The amount contributed to the fund by these employees was $1,185,143.

OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT

During the year, 3,113 contributors made payments for past continuous non-contributory service with the Ontario Government. Furthermore, 996 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Fund by these contributors during the fiscal year was $1,770,099.

OPTIONS FOR LEAVE OF ABSENCE

During this period, 664 contributors established credit for unpaid leave of absence. The amount contributed to the Fund by these employees was $203,405.

CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS

Also during 1984-85, the employer paid $5,376,907 into the Fund on behalf of 2,758 disabled contributors who had qualified for a benefit under the long term income protection plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.

TRANSFERS INTO AND OUT OF THE FUND

During the year, 52 contributors established additional credit in the Ontario Public Service Superannuation Fund by transferring from other pension funds and 330 former contributors transferred their O.P.S.S.F. contributions and credits to other pension funds.

On March 31, 1985 reciprocal transfer arrangements were in effect between the O.P.S.S.F. and the following:

Alberta Civil Service Superannuation Fund
Anglican Church of Canada Pension Fund *
Baptist Convention of Ontario and Quebec *
British Columbia Public Service Superannuation Fund
Canada Public Service Superannuation Fund
Canadian Broadcasting Corporation Pension Fund
Carleton University Pension Fund
Caucus Employees Retirement Fund
Central Mortgage and Housing Corporation Pension Fund
Evangelical Lutheran Church of Canada Pension Fund *
Hospital for Sick Children Employees Pension Fund
Hospitals of Ontario Pension Fund
McMaster University Pension Fund
Manitoba Civil Service Superannuation Fund
New Brunswick Civil Service Superannuation Fund
Nova Scotia Civil Service Superannuation Fund
Ontario Educational Communications Authority Pension Fund
Ontario Energy Corporation
Ontario Hydro Pension Fund
Ontario Institute for Studies in Education Pension Fund
Ontario Municipal Employees Retirement System
Ontario Research Foundation Pension Fund
Ontario Teachers' Superannuation Fund

Prince Edward Island Civil Service Superannuation Fund

Queen's University Pension Fund

Retirement Pension Plan of Colleges of Applied Arts and Technology

Saskatchewan Power Corporation Pension Fund

Trent University Pension Fund

United Church of Canada Pension Fund *

University of Guelph Pension Fund

University of Ottawa Pension Fund

University of Toronto Pension Fund

Worker's Compensation Board Superannuation Fund

York University Pension Fund

* Applies only to Ontario public service chaplains

PUBLIC SERVICE SUPERANNUATION FUND

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1984 was $3,152,087,687 and at the close of the fiscal year $3,553,842,541 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to $505,347,859 while total disbursements amounted to $163,593,005.

UNFUNDED LIABILITY

As previously reported, an actuarial valuation on the Public Service Superannuation Fund received in 1983 indicated an unfunded liability (i.e. the excess of the present value of future benefits over the sum of the funds on hand and the present value of future contributions) as of December 31, 1982 of $121 million.

In accordance with the recommendations of the actuaries and the Board and also in conformance with the Ontario Pension Benefits Act, an amortization payment in the amount of $13,892,000 was made on January 1, 1985. Under the recommended schedule, the following payments will be made in the future:

January 1, 1986 to 1992 inclusive	$13,892,000 annually
January 1, 1993 and thereafter	$ 7,122,000 annually

However, these amounts are subject to change in the light of future actuarial valuations which by law must be made at least every three years.

COST OF ADMINISTRATION

The cost of administrative support for the operation of the Public Service Superannuation Board is subsumed in the cost of administering the provisions of the Public Service Superannuation Act by the Employee Benefits and Data Services Branch of the Ministry of Government Services (Vote 603, Item 3). (This Branch also administers other pension and benefit plans for Government employees and for members of the Legislative Assembly and their staff and provides payroll and personnel data services to all government ministries.)

The chairman and members of the Public Service Superannuation Board are either civil servants in other capacities or an employee of the Ontario Public Service Employees Union and they receive no additional remuneration or expense allowances for service on the Board. Cost proration is not justified under these circumstances.

ACKNOWLEDGEMENT

In submitting this Report the Board again wishes to express its appreciation of the assistance rendered to the Board by the Secretariat and the management and staff of the Employee Benefits and Data Services Branch, Ministry of Government Services.

TABLE I

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Allowances	Total number of recipients at March 31, 1984	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1985
Type 60 (male)	2,950	223	99	3	3,071
Type 60 (female)	1,079	71	29	0	1,121
Type 65 (male)	5,630	508	298	3	5,837
Type 65 (female)	3,038	268	79	1	3,226
Type 70 (male)	80	1	8	6	67
Type 70 (female)	36	1	2	0	35
Type 90 (male)	1,542	114	25	0	1,631
Type 90 (female)	169	16	4	0	181
Disability (male)	700	50	52	0	698
Disability (female)	495	16	16	0	495
Dependants (widows of contributors)	1,924	136	34	0	2,026
Dependants (widowers of contributors)	125	17	4	0	138
Dependants (widows of superannuates)	3,607	341	139	0	3,809
Dependants (widowers of superannuates)	113	19	8	0	124
Dependants (children)	94	1	1	8	86
TOTALS	21,582	1,782	798	21	22,545

Type 60 - age 60 plus at least 20 years of contributory service.
Type 65 - age 65 plus at least 10 years of contributory service.
Type 70 - age 70 plus at least 10 years of contributory service.
Type 90 - age plus years of contributory service total at least 90 years.

TABLE II

ALLOWANCES

Summary of allowances being paid as at March 31, 1985:

Dollar Amount Per Annum	Number of Allowances (Pensioners)
0 - 2,000	2,990
2,001 - 3,000	2,532
3,001 - 4,000	1,881
4,001 - 5,000	1,408
5,001 - 6,000	1,171
6,001 - 7,000	830
7,001 - 8,000	725
8,001 - 9,000	614
9,001 - 10,000	536
10,001 - 12,000	953
12,001 - 15,000	948
15,001 - 20,000	937
20,001 - 25,000	482
Over 25,000	355

Dollar Amount Per Annum	Number of Allowances (Dependants)
0 - 1,000	1,966
1,001 - 1,500	1,276
1,501 - 2,000	862
2,001 - 2,500	545
2,501 - 3,000	396
3,001 - 3,500	272
3,501 - 4,000	196
4,001 - 4,500	132
4,501 - 5,000	118
5,001 - 6,000	160
6,001 - 7,500	137
7,501 - 10,000	90
10,001 - 12,500	23
Over 12,500	10

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

TABLE III

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Annuities	Total number of recipients at March 31, 1984	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1985
Immediate (60 plus, male)	540	58	23	1	574
Immediate (60 plus, female)	707	45	11	0	741
Immediate (less than 60, male)	461	36	5	0	492
Immediate (less than 60, female)	641	43	8	0	676
* Deferred Active (male)	428	35	8	0	455
* Deferred Active (female)	398	25	6	0	417
* Deferred Pending (male)	430	28	0	30	428
* Deferred Pending (female)	254	27	0	25	256
Dependants (widows)	303	21	8	0	316
Dependants (widowers)	51	13	5	0	59
Dependants (children)	2	0	0	0	2
TOTALS	4,215	331	74	56	4,416

* Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) - age 60 or over plus at least 10 years of contributory service.
Immediate (less than 60) - under age 60 plus at least 10 years of contributory service.

TABLE IV

ANNUITIES

Summary of annuities being paid as at March 31, 1985:

Dollar Amount Per Annum	Number of Annuities (Annuitants)
0 - 2,000	1,471
2,001 - 3,000	641
3,001 - 4,000	415
4,001 - 5,000	262
5,001 - 6,000	163
6,001 - 7,000	114
7,001 - 8,000	76
8,001 - 9,000	49
9,001 - 10,000	48
10,001 - 12,000	50
12,001 - 15,000	34
15,001 - 20,000	21
20,001 - 25,000	9
Over 25,000	2

Dollar Amount Per Annum	Number of Annuities (Dependants)
0 - 1,000	245
1,001 - 1,500	74
1,501 - 2,000	26
2,001 - 2,500	10
2,501 - 3,000	5
3,001 - 3,500	7
3,501 - 4,000	4
4,001 - 4,500	0
4,501 - 5,000	1
5,001 - 6,000	4
6,001 - 7,500	1
7,501 - 10,000	0
10,001 - 12,500	0
Over 12,500	0

See statistical tabulation on page 16.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

This summary excludes deferred pending cases.

TABLE V

NUMBER OF OTHER CASES PROCESSED UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1984 to March 31, 1985. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

		Number of cases during the year
Payments (Double contributions with interest)		
Retirement		61
Disability		13
Dependants (widows, widowers, children)		45
	Sub total	119
Refunds		
Single contributions (with interest)		2,352
Residual balances		26
	Sub total	2,378
Transfers		
Transfers Out		330
	Sub total	330
	TOTAL	2,827

PUBLIC SERVICE SUPERANNUATION FUND

(Established under The Public Service Superannuation Act)

Statement of Fund
For the Year Ended March 31, 1985
(subject to verification by the Provincial Auditor)

	1985 $	1984 $
Balance of Fund, on deposit with The Treasurer of Ontario, beginning of year	3,152,087,687	2,763,410,299
RECEIPTS -		
Contributions:		
Employees (Sec. 7)	98,080,872	96,308,060
Province of Ontario (Sec. 10)	87,942,233	86,395,228
Boards and Commissions (Sec. 10)	9,697,662	9,496,329
Designated Branches (Sec. 10)	440,977	416,503
	98,080,872	96,308,060
Without equivalent contributions by the employer - sundry	1,338,861	1,566,201
Province of Ontario re employees receiving L.T.I.P.	5,376,907	4,739,389
Province of Ontario re payment on the unfunded liability	13,892,000	13,892,000
Transfers from other Plans	1,383,108	1,329,357
Interest Earnings:		
On balance in Fund as at beginning of year for one year to end of year @ 10.9393% (1984 - 10.6658%) (Sec. 5)	344,816,328	293,722,604
On excess of contributions and transfers in over disbursements during year @ 13.33% (1984 - 12.88%) (Sec. 5)	1,937,452	4,998,277
On unfunded liability payment for three months to end of year @ 13.33% (1984 - 12.88%) (Sec. 5)	441,459	427,209
	347,195,239	299,148,090
	3,717,435,546	3,276,701,456

	1985 $	1984 $
DISBURSEMENTS		
Allowances (including Supplementary Benefits) to superannuates, beneficiaries and annuitants	173,690,044	150,018,224
Less: Recovery of Supplementary Benefits paid from Consolidated Revenue Fund	(43,560,930)	(39,645,493)
	130,129,114	110,372,731
Refunds of contributions and interest	13,527,058	11,882,380
Transfers to other Plans:	19,936,833	2,358,658
	163,593,005	124,613,769
Balance in Fund, on deposit with the Treasurer of Ontario, end of year	3,553,842,541	3,152,087,687

*See accompanying note to financial statement

Approved on behalf of the Board:

Chairman

Secretary

Note

This is an augmented version of the Statement audited by the Provincial Auditor and published in the Public Accounts.

PUBLIC SERVICE SUPERANNUATION FUND

Note to Financial Statement
March 31, 1985

UNFUNDED LIABILITY

The most recent triennial actuarial review of the Public Service Superannuation Fund was made as at December 31, 1982. As at that date this review disclosed an unfunded liability of $121,000,000. Of this amount $82,616,000 represents the initial unfunded liability as at January 1, 1965. The balance of $38,384,000 represents the additional unfunded liability which has arisen since January 1, 1965.

The Province of Ontario has been making annual payments of interest and principal into the Fund in accordance with the Regulations under the Pension Benefits Act. These payments are designed to:

- Prevent an increase in the intital unfunded liability.

- Liquidate the additional unfunded liability over a period ending January 1, 1992.

Future special payments will be required as follows:

January 1, 1986 to 1992 inclusive	13,892,000
Annually commencing January 1, 1993	7,122,000

INTEREST EARNED BY THE P.S.S. FUND

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

(i) on the balance at the credit of the Fund on March 31, 1984 at a rate of 10.93930 per cent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;

(ii) on the net amount deemed to have entered the Fund each month throughout fiscal year 1984-85 at a rate of 13.330 per cent per annum and credited from the date such increases are deemed to have entered the Fund to the end of fiscal year 1984-85; and

(iii) on the unfunded liability payment of $13,892,000 for a period of three months at a rate of 13.330 per cent per annum.

For amounts, please refer to Page 19.

Interest will be credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund at a rate of 13.330 per cent per annum for twenty-five years subsequent to the fiscal year 1984-85 on the net increase in the Fund for the fiscal year 1984-85 ($401,754,854) and on the $17,000,000 which was deemed to be the portion of the fund which was reinvested at March 31, 1985.